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MEMORANDUM FOR RECORD

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Meeting -

[REDACTED]

D/E  
Ch/D/A  
/A  
E/C

Date: 4 April 1955

Subject: D/E criticism of draft outline for a review of Economic Defense Policy for the [REDACTED] Council.

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[REDACTED] opened the meeting by announcing that the paper we were there to discuss had been submitted a few days earlier (without D/E knowledge) to the drafting Subcommittee and had already been approved in principle. *D/4*

Subsequent questions regarding the appropriateness of using estimates of cost to the bloc of denial of certain commodities on the basis of a ruble-dollar ratio elicited the following information.

1. D/A admitted the lack of complete statistical data and that a finished study would require a year's time.
2. Even then there was no certainty that the study could be used for the intended purpose—new criteria.
3. No study has as yet been made of cost accounting practices in the Sovbloc.
4. The cost prices used are annual figures and can be checked only rarely against spotty current price data.
5. Cost data of the type available for the European Sovbloc, such as they are, are virtually non-existent for Communist China.
6. They were unaware of the imminence of a review of the ChinCom lists and therefore of the urgency of a practical paper.
7. It was admitted that "prototypes" did not lend themselves to their proposed method of estimating costs.
8. D/E's concern regarding "saleability" to CCCOM had not been taken into consideration, nor had the difficulties of administration of separate quotas for each satellite.
9. The contradictions and inconsistencies in the report were explained by the fact that the first three sections of the report were written by OIR and the remaining two by D/A. Incidentally D/E has not yet seen Section V.

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It was apparent that nothing D/E could say would prevent D/A from going ahead with their project as outlined. Ch/D/E asked Ch/D/A if he would object to D/E writing a more practical alternative paper. The answer was "not at all."

E/C/RR

25X1A9a [REDACTED] 5 April 1955

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